

# FDIC ANNUAL REPORT



**FEDERAL DEPOSIT INSURANCE CORPORATION**  
550 17th Street NW, Washington, DC 20429

OFFICE OF THE CHAIRMAN

February 15, 2017

Dear Sir,

In accordance with:

- ◆ the provisions of Section 17(a) of the Federal Deposit Insurance Act,
- ◆ the Chief Financial Officers Act of 1990, Public Law 101-576,
- ◆ the Government Performance and Results Act of 1993 (as amended) and the GPRA Modernization Act of 2010,
- ◆ the provisions of Section 5 (as amended) of the Inspector General Act of 1978,
- ◆ the Reports Consolidation Act of 2000, and
- ◆ the provisions of the Fraud Reduction and Data Analytics Act of 2015,

the Federal Deposit Insurance Corporation (FDIC) is pleased to submit its *2016 Annual Report* (also referred to as the *Performance and Accountability Report*), which includes the audited financial statements of the Deposit Insurance Fund and the Federal Savings and Loan Insurance Corporation (FSLIC) Resolution Fund.

In accordance with the Reports Consolidation Act of 2000, the FDIC assessed the reliability of the performance data contained in this report. No material inadequacies were found, and the data are considered to be complete and reliable.

Based on internal management evaluations, and in conjunction with the results of independent financial statement audits, the FDIC can provide reasonable assurance that the objectives of Section 2 (internal controls) and Section 4 (financial management systems) of the Federal Managers' Financial Integrity Act of 1982 have been achieved, and that the FDIC has no material weaknesses. However, the U.S. Government Accountability Office did identify information technology issues that aggregate to a significant deficiency. The FDIC has efforts underway to address this deficiency. We are committed to maintaining effective internal controls corporate-wide in 2017.

Sincerely,

Martin J. Gruenberg  
Chairman

---

The President of the United States  
The President of the United States Senate  
The Speaker of the United States House of Representatives

# TABLE OF CONTENTS

<b>Message from the Chairman</b> .....	<b>5</b>
<b>Message from the Chief Financial Officer</b> .....	<b>15</b>
<b>I. Management’s Discussion and Analysis</b> .....	<b>17</b>
<b>The Year in Review</b> .....	<b>19</b>
Overview.....	19
Implementation of Key Regulations .....	19
Deposit Insurance.....	22
Supervision .....	24
Community Banking Initiative.....	33
Activities Related to Systemically Important Financial Institutions .....	37
Depositor and Consumer Protection .....	43
Receivership Management .....	51
Minority and Women Inclusion .....	53
International Outreach .....	55
Effective Management of Strategic Resources.....	58
<b>II. Performance Results Summary</b> .....	<b>63</b>
Summary of 2016 Performance Results by Program .....	65
Performance Results by Program and Strategic Goal.....	67
Prior Years’ Performance Results .....	73
<b>III. Financial Highlights</b> .....	<b>81</b>
Deposit Insurance Fund Performance .....	83
<b>IV. Budget and Spending</b> .....	<b>87</b>
FDIC Operating Budget.....	89
2016 Budget and Expenditures by Program.....	90
Investment Spending.....	91
<b>V. Financial Section</b> .....	<b>93</b>
Deposit Insurance Fund (DIF) .....	94
FSLIC Resolution Fund (FRF) .....	111
Government Accountability Office Auditor’s Report.....	119
Management’s Report on Internal Control Over Financial Reporting.....	126
Management’s Response to the Auditor’s Report.....	127
<b>VI. Corporate Management Control</b> .....	<b>129</b>
Fraud Reduction and Data Analytics Act of 2015 .....	131
Management Report on Final Actions .....	132
<b>VII. Appendices</b> .....	<b>137</b>
A. Key Statistics.....	139
B. More About the FDIC.....	152
C. Office of Inspector General’s Assessment of the Management and Performance Challenges Facing the FDIC .....	161
D. Acronyms .....	172

**INSURING DEPOSITS ♦ EXAMINING AND SUPERVISING INSTITUTIONS ♦  
MAKING LARGE AND COMPLEX FINANCIAL INSTITUTIONS RESOLVABLE ♦  
MANAGING RECEIVERSHIPS ♦ EDUCATING CONSUMERS**

In its unique role as deposit insurer of banks and savings associations, and in cooperation with the other state and federal regulatory agencies, the FDIC promotes the safety and soundness of the U.S. financial system and insured depository institutions by identifying, monitoring, and addressing risks to the Deposit Insurance Fund.

The FDIC promotes public understanding and the development of sound public policy by providing timely and accurate financial and economic information and analyses. It minimizes disruptive effects from the failure of financial institutions and assures fairness in the sale of financial products and the provision of financial services.

The FDIC's long and continuing tradition of excellence in public service is supported and sustained by a highly skilled and diverse workforce that continuously monitors and responds rapidly and successfully to changes in the financial environment.

**At the FDIC, we are working together to be the best.**

